



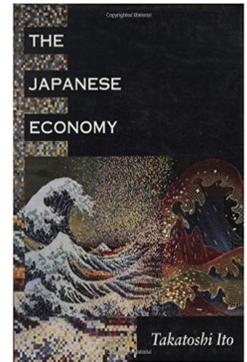
THE OHIO STATE UNIVERSITY

EAST ASIAN STUDIES CENTER

Brad Richardson Memorial Lecture/Institute for Japanese Studies:
“Abenomics: Japan’s Escape from its Lost Two Decades”
by Takatoshi Ito, Columbia University

Friday, February 22
Jennings Hall 001
easc.osu.edu/events/ijs/t-ito

Doors Open: 3:30
Opening Remarks: 4:00-4:15
Lecture with Q&A: 4:15-4:45
Reception: 5:45-6:30



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Japan experienced two decades of low growth and deflation during 1992-2012. This lecture describes and analyzes how Japan exited its *Lost Two Decades* (1992-2012). How did Japan fall into two decades of stagnation and fifteen years of deflation? How has *Abenomics*, the economic policy package introduced in December 2012, lifted the economy out of stagnation and deflation? What challenges remain? What lessons can the U.S. and other advanced economies learn from Japan? Japan’s “*Lost Two Decades*” (1992-2012) is a result of internal shocks (bubble burst), external shocks (global financial crisis), and a series of policy errors. Shinzo Abe, inaugurating his second premiership in December 2012, introduced a package of economic policies consisting of aggressive monetary policy, flexible fiscal policy, and structural reforms as a growth strategy. His policy package was dubbed *Abenomics* and its three principal policies *Three Arrows*. *Abenomics* has worked to lift the economy out of stagnation and deflation. By the end of 2018, the Japanese economy was keeping up at its potential growth rate with wide-spread labor shortages and a strictly positive inflation rate. However, the potential growth rate itself still remains low and real wages have hardly risen. The 2% inflation target has not yet been achieved since Governor Kuroda, Bank of Japan, introduced quantitative and qualitative easing (QQE) 6 years ago. In order to raise and sustain the potential growth rate and real wages, Japan needs to (1) overcome the declining working age population; (2) raise labor productivity by innovation; (3) encourage formation of new corporations; and (4) regain fiscal disciplines. This lecture is based on Chapter 14: *Lost Two Decades* in *Japanese Economy*, 2nd edition, MIT Press, forthcoming (2020), by Takatoshi Ito and Takeo Hoshi.

Takatoshi Ito is Professor of International and Public Affairs, and Director of the Program on Public Pension and Sovereign Funds at the Center on Japanese Economy and Business at Columbia University. Before Columbia, he was Dean of Graduate School of Public Policy at University of Tokyo, and also a faculty member at the University of Minnesota and Hitotsubashi University. Since his Ph.D. in economics from Harvard (1979), Ito has authored/coauthored a dozen monographs, edited/coedited 30 books, and published numerous articles in academic research journals including *American Economic Review*, *Econometrica*, *Journal of Economic Theory*, and *Journal of International Economics*. His research themes range from the theories of general economic disequilibrium to empirical and policy analysis of exchange rate dynamics, macro-monetary economics, and public finance. He was the editor of the *Journal of the Japanese and International Economies* and *Asian Economic Policy Review* as well as associate editor of several other journals. He is a Fellow of Econometric Society and a Past President of Japanese Economic Association. Ito has been affiliated with major economic research centers in Tokyo, London, and Cambridge, MA. He has also been a senior advisor to the Japanese Prime Minister’s Council (内閣府経済財政諮問会議議員), Japanese Ministry of Finance (大蔵省大臣官房参事官・財務省関税為替等審議会会長), and International Monetary Fund. In 2011 the Japanese Government awarded him a Purple Ribbon National Medal (紫綬褒章) for his distinction in professional and academic achievement.

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